

EXHIBIT H-2  
(EXHIBIT E4)

PETER B. KNOBEL

STATEMENT OF FINANCIAL CONDITION

FEBRUARY 1, 1990

PETER B. KNOBEL

NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 1 - BASIS OF PREPARATION

- (a) The accompanying statement of financial condition includes the assets and liabilities of Peter B. Knobel. Assets are stated at their estimated current values, and liabilities at their estimated current amounts.
- (b) The statement includes 100% of the value of the properties located at 239 Central Park West, New York, New York and at 3 Halsey Lane, Remsenburg, New York, and 100% of the related mortgage notes, even though the titles and the mortgage notes indicate that the properties are owned by Mr. Knobel and another party. The entire value of the properties and mortgage notes have been included because Mr. Knobel is the beneficial owner of the properties.
- (c) No provision has been made in the accompanying statement of financial condition for estimated income taxes on the differences between the estimated current values of assets and the estimated current amounts of liabilities and their tax bases. In addition, no provision has been made for any tax liability that might arise from the reversal of tax losses generated from certain partnerships in which Mr. Knobel has a limited partnership interest. Mr. Knobel's 1989 tax projection indicates that there is no liability for income taxes.

NOTE 2 - RESIDENCES

At February 1, 1990, residences are comprised of the following:

	<u>Estimated Current Value</u>
Two bedroom apartment located at 45 West 67th Street, New York, New York	\$ 610,000
Eleven room house situated on 1.3 acres located at 3 Halsey Lane, Remsenburg, New York (Note 1(b))	950,000
7 Room co-op located at 239 Central Park West (Note 1(b))	<u>2,100,000</u>
	<u>\$3,660,000</u>

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 2 - RESIDENCES (Continued)

The apartment located at 45 West 67th Street New York, N.Y. is subject to a contract for sale which is expected to close on May 15, 1990. The contract price is \$610,000.

Mr. Knobel has estimated the value of his other residences based upon his general knowledge of the real estate market in each area which, in the case of the New York City property, would include the sales of similar circumstances.

These properties are pledged as collateral for the mortgage notes payable amounting to \$1,416,202 (reference is made to Note 6).

NOTE 3 - INVESTMENTS IN REAL ESTATE

At February 1, 1990, investments in real estate is comprised of the following:

22% interest in a 50-car garage located at 301 East 69th Street, New York, New York	\$ 132,000
50% interest in an 80-car garage located at 225 Rector Street, New York, New York	85,000
10% interest in a development project, 171-173 West 107th Street Associates located at 173 W. 107th Street, New York, New York	675,000
10% interest in a 200 unit condominium project, 1689 First Avenue Associates, located at 350 E. 88th Street, New York, New York	1,690,000
5% interest in a development project located at Spring Creek, Brooklyn, New York	
- Phase I	90,000
- Phase II	670,000

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 3 - INVESTMENTS IN REAL ESTATE (Continued)

50% interest in 1845 Corporation, which owns 229 acres of developed land in St. Croix, United States Virgin Islands	1,300,000
22.5% interest in Caribbank Financial Group I, which owns 656 acres of land in various development stages in St. Croix, United States Virgin Islands	4,775,000
16.66% interest in Caribbank Financial Group II which is in contract for 195 acres of land in the development stage in St. Croix, United States Virgin Islands	625,000
5% interest in a development project located at 235 East 14th Street, New York, New York	93,000
22.5% interest in a \$349,000 mortgage on 18 acres in Boetzburg, St. Croix, 12% due 7/15/93, payments of \$48,913	57,000
5% interest in a development project located at 1850 Second Avenue, New York	900,000
4.65% interest in a development project located at 1111 Gerard Avenue, Bronx, N.Y.	152,000
100% interest in a 3400 sq. foot, 6 bedroom, 3 bath home in Beltsville, Maryland	49,000
100% interest in a condominium apartment located at 280 Rector Place, New York	31,100
100% interest in a studio apartment located at 1 Irving Place, New York	42,000
100% interest in a one bedroom apartment located at 1 Irving Place, New York	61,000
100% interest in a one bedroom apartment located at 145 East 48th Street, New York	38,000
100% interest in a two bedroom apartment located at 330 East 38th Street, New York	56,000

(continued)

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 3 - INVESTMENTS IN REAL ESTATE (Continued)

100% interest in a one bedroom apartment located at 530 East 76th Street, New York	\$ 55,000
100% interest in a one bedroom apartment located at 200 East 61st Street, New York	65,000
100% interest in a one bedroom apartment located at 200 East 61st Street, New York	<u>65,000</u>
	<u>\$11,706,100</u>

Mr. Knobel has estimated the value of these investments based upon his general knowledge of the real estate market in each area which, in the case of New York State properties, would include the sales of similar properties in similar circumstances. The value of certain New York City investments has been estimated based upon the actual and projected selling prices of negotiable certificates received by the investors pursuant to the New York Real Property Tax Law and the New York City Inclusionary Zoning Program. With respect to undeveloped land in St. Croix, Mr. Knobel's estimates are based upon research of the St. Croix market and knowledge gained through extensive meetings with real estate brokers in that area.

The values of properties owned by limited partnerships are stated net of the mortgage notes payable executed by the limited partnerships, and the values of the condominium apartments and development projects are also stated net of existing mortgages.

NOTE 4 - INVESTMENT IN GILBERT CHARLES BEYLEN, INCORPORATED

Mr. Knobel owns 33.33% of the common stock of Gilbert Charles Beylen, Incorporated, a real estate sales and consulting firm located in New York, New York. The company, which was incorporated on October 5, 1982, has elected "S" corporation status for income tax purposes. Mr. Knobel has estimated the fair value of the company by applying a multiple to the company's average earnings as determined before giving effect to shareholders' compensation. Although the company's 1989 tax return has not been completed as of this date, earnings before shareholders' compensation has been projected to be approximately \$972,000. This amount has been included in the calculation of average earnings.

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 4 - INVESTMENT IN GILBERT CHARLES BEYLEN, INCORPORATED

Set forth below is a condensed balance sheet and selected financial information of Gilbert Charles Beylen, Incorporated, as abstracted from its Federal income tax returns, which have been prepared on the cash basis of accounting:

	<u>December 31,</u>	
	<u>1988</u>	<u>1987</u>
Cash	\$ 80,354	\$ 82,912
Due from affiliates	16,160	70,612
Amounts due from shareholders	7,193	7,193
Property and equipment - net	124,096	110,824
Other assets	<u>85,904</u>	<u>327,662</u>
Total Assets	<u>\$313,707</u>	<u>\$599,203</u>
Current liabilities	\$ 20,181	\$ 24,652
Note payable	<u>404,915</u>	<u>686,806</u>
Total Liabilities	425,096	711,458
Shareholders' (deficit)	( <u>111,389</u> )	( <u>112,255</u> )
	<u>\$313,707</u>	<u>\$599,203</u>
Revenues	<u>\$4,469,421</u>	<u>\$7,171,686</u>
Earnings before shareholders' compensation	<u>\$309,943</u>	<u>\$1,389,899</u>

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 5 - OTHER ASSETS

Other assets are comprised of the following:

Notes receivable	\$ 314,568
Deposits	10,000
Personal effects	235,000
1990 34' Bartell Racing Boat	125,000
4 miniature horses	40,000
1988 Ferrari Testarossa	180,000
1983 Porsche	65,000
1989 Range Rover	17,000
Other investments	<u>398,500</u>
	<u>\$1,385,068</u>

NOTE 6 - MORTGAGE NOTES AND LOAN PAYABLE

Set forth below is a summary of Mr. Knobel's liabilities, pursuant to various mortgage notes and other loans payable:

Secured by residences:

## 3 Halsey Lane:

Mortgage notes payable in constant  
monthly installments of \$3,366  
applied to interest first at the  
rate of 9.75%, maturing on  
September 1, 2015

\$305,018

## 45 West 67th Street:

Mortgage notes payable in constant  
monthly installments of \$3,530  
applied to interest first at the  
rate of 9.75%, maturing on September 1,  
2015

386,184

## 239 Central Park West:

Mortgage notes payable in constant  
monthly installments of \$6,263  
applied to interest first at the  
rate of 10%, maturing on September  
1, 2019

725,000 1,416,202

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NOTES TO STATEMENT OF FINANCIAL CONDITIONNOTE 6 - MORTGAGE NOTES AND LOAN PAYABLE (Continued)

## Note to Dollar Dry Dock:

Note to Dollar Dry Dock for \$224,894,  
which bears interest at the prime rate  
plus, 1.75% due 7/30/90 \$ 224,894

## Note to General Partnership:

69th Street and Second Avenue Garage  
Corporation 25,000

\$1,666,096NOTE 7 - LINES OF CREDIT

Mr. Knobel presently has two unused lines of credit. The first, secured by his residence at 3 Halsey Lane, provides for maximum borrowings of \$350,000, and would bear interest at the bank's prime rate plus 1.0%; and the second, an unsecured revolving line of credit, provides for maximum borrowings of \$250,000, and bears interest at the bank's prime rate plus 1.5%.



CERTIFICATE OF SERVICE

I, Avelino G. Halagao, counsel for JEM Productions, Limited Partnership hereby certify that on the 7th day of October, 1991, true copies of the foregoing "OPPOSITION TO MOTION TO ENLARGE ISSUES AGAINST JEM PRODUCTIONS LIMITED PARTNERSHIP FILED BY PEACHES" was mailed by U.S. First Class, postage prepaid, to the following:

Honorable Edward Luton\*  
Administrative Law Judge  
Federal Communications Commission  
2000 L Street, N.W.  
Washington, D.C. 20554

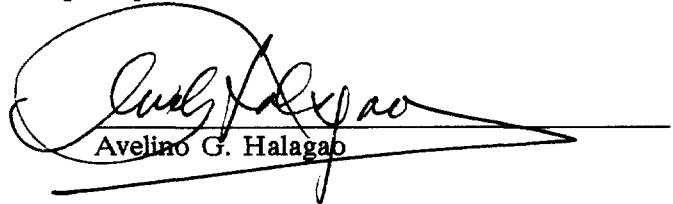
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Avelino G. Halagao

\* Hand-Delivered